

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND OPERATING DATA
(dollars in millions, except per share data)

	Three Months Ended December 31,			Year Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
REVENUES:						
Video	\$ 4,473	\$ 4,361	2.6 %	\$ 17,607	\$ 17,348	1.5 %
Internet	4,345	3,895	11.5 %	16,667	15,181	9.8 %
Voice	450	515	(12.5)%	1,920	2,114	(9.1)%
Residential revenue	9,268	8,771	5.7 %	36,194	34,643	4.5 %
Small and medium business	986	928	6.3 %	3,868	3,665	5.6 %
Enterprise	617	647	(4.5)%	2,556	2,528	1.1 %
Commercial revenue	1,603	1,575	1.8 %	6,424	6,193	3.7 %
Advertising sales	434	562	(22.7)%	1,568	1,785	(12.1)%
Mobile	236	89	163.7 %	726	106	NM
Other	220	234	(6.6)%	852	907	(6.2)%
Total Revenue	<u>11,761</u>	<u>11,231</u>	4.7 %	<u>45,764</u>	<u>43,634</u>	4.9 %
COSTS AND EXPENSES:						
Programming	2,808	2,791	0.6 %	11,290	11,124	1.5 %
Regulatory, connectivity and produced content	596	571	4.3 %	2,366	2,210	7.1 %
Costs to service customers	1,794	1,835	(2.3)%	7,277	7,327	(0.7)%
Marketing	748	732	2.1 %	3,044	3,042	0.1 %
Mobile	372	211	75.9 %	1,246	346	NM
Other expense	914	927	(1.4)%	3,686	3,526	4.5 %
Total operating costs and expenses (exclusive of items shown separately below)	<u>7,232</u>	<u>7,067</u>	2.3 %	<u>28,909</u>	<u>27,575</u>	4.8 %
Adjusted EBITDA	<u>4,529</u>	<u>4,164</u>	8.8 %	<u>16,855</u>	<u>16,059</u>	5.0 %
Adjusted EBITDA margin	<u>38.5%</u>	<u>37.1%</u>		<u>36.8%</u>	<u>36.8%</u>	
Depreciation and amortization	2,461	2,534		9,926	10,318	
Stock compensation expense	77	72		315	285	
Other operating expenses, net	32	119		103	235	
Income from operations	<u>1,959</u>	<u>1,439</u>		<u>6,511</u>	<u>5,221</u>	
OTHER INCOME (EXPENSES):						
Interest expense, net	(964)	(910)		(3,797)	(3,540)	
Loss on extinguishment of debt	(25)	—		(25)	—	
Gain (loss) on financial instruments, net	62	(110)		(54)	(110)	
Other pension benefits (costs), net	(96)	(55)		(69)	192	
Other expense, net	(4)	(2)		(135)	(77)	
	<u>(1,027)</u>	<u>(1,077)</u>		<u>(4,080)</u>	<u>(3,535)</u>	
Income before income taxes	932	362		2,431	1,686	
Income tax expense	(110)	(2)		(439)	(180)	
Consolidated net income	<u>822</u>	<u>360</u>		<u>1,992</u>	<u>1,506</u>	
Less: Net income attributable to noncontrolling interests	(108)	(64)		(324)	(276)	
Net income attributable to Charter shareholders	<u>\$ 714</u>	<u>\$ 296</u>		<u>\$ 1,668</u>	<u>\$ 1,230</u>	
EARNINGS PER COMMON SHARE						
ATTRIBUTABLE TO CHARTER SHAREHOLDERS:						
Basic	<u>\$ 3.36</u>	<u>\$ 1.31</u>		<u>\$ 7.60</u>	<u>\$ 5.29</u>	
Diluted	<u>\$ 3.28</u>	<u>\$ 1.29</u>		<u>\$ 7.45</u>	<u>\$ 5.22</u>	
Weighted average common shares outstanding, basic	<u>212,648,072</u>	<u>227,005,966</u>		<u>219,506,735</u>	<u>232,356,665</u>	
Weighted average common shares outstanding, diluted	<u>217,778,099</u>	<u>230,131,933</u>		<u>223,786,380</u>	<u>235,525,226</u>	

Adjusted EBITDA is a non-GAAP term. See page 6 of this addendum for the reconciliation of Adjusted EBITDA to net income attributable to Charter shareholders as defined by GAAP.

All percentages are calculated using whole numbers. Minor differences may exist due to rounding.

NM - Not meaningful

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in millions)

		December 31,	
		2019	2018
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$	3,483	\$ 551
Accounts receivable, net		2,227	1,733
Prepaid expenses and other current assets		761	446
Total current assets		6,471	2,730
RESTRICTED CASH		66	214
INVESTMENT IN CABLE PROPERTIES:			
Property, plant and equipment, net		34,591	35,126
Customer relationships, net		7,453	9,565
Franchises		67,322	67,319
Goodwill		29,554	29,554
Total investment in cable properties, net		138,920	141,564
OPERATING LEASE RIGHT-OF-USE ASSETS		1,092	—
OTHER NONCURRENT ASSETS		1,639	1,622
Total assets	\$	148,188	\$ 146,130
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	\$	8,671	\$ 8,805
Operating lease liabilities		214	—
Current portion of long-term debt		3,500	3,290
Total current liabilities		12,385	12,095
LONG-TERM DEBT		75,578	69,537
DEFERRED INCOME TAXES		17,711	17,389
LONG-TERM OPERATING LEASE LIABILITIES		979	—
OTHER LONG-TERM LIABILITIES		2,724	2,837
SHAREHOLDERS' EQUITY:			
Controlling interest		31,445	36,285
Noncontrolling interests		7,366	7,987
Total shareholders' equity		38,811	44,272
Total liabilities and shareholders' equity	\$	148,188	\$ 146,130

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:				
Consolidated net income	\$ 822	\$ 360	\$ 1,992	\$ 1,506
Adjustments to reconcile consolidated net income to net cash flows from operating activities:				
Depreciation and amortization	2,461	2,534	9,926	10,318
Stock compensation expense	77	72	315	285
Accelerated vesting of equity awards	—	—	—	5
Noncash interest income, net	(17)	(65)	(106)	(307)
Other pension (benefits) costs, net	96	55	69	(192)
Loss on extinguishment of debt	25	—	25	—
(Gain) loss on financial instruments, net	(62)	110	54	110
Deferred income taxes	87	(27)	320	110
Other, net	10	94	158	175
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:				
Accounts receivable	59	3	(505)	(98)
Prepaid expenses and other assets	(172)	(123)	(397)	(270)
Accounts payable, accrued liabilities and other	(28)	155	(103)	125
Net cash flows from operating activities	<u>3,358</u>	<u>3,168</u>	<u>11,748</u>	<u>11,767</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	(2,282)	(2,433)	(7,195)	(9,125)
Change in accrued expenses related to capital expenditures	504	150	55	(470)
Real estate investments through variable interest entities	(23)	(6)	(148)	(21)
Other, net	(53)	(17)	(43)	(120)
Net cash flows from investing activities	<u>(1,854)</u>	<u>(2,306)</u>	<u>(7,331)</u>	<u>(9,736)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings of long-term debt	6,528	2,268	19,685	13,820
Repayments of long-term debt	(2,423)	(1,805)	(13,309)	(10,769)
Payments for debt issuance costs	(55)	—	(103)	(29)
Purchase of treasury stock	(2,305)	(1,185)	(6,873)	(4,399)
Proceeds from exercise of stock options	12	13	118	69
Purchase of noncontrolling interest	(292)	(183)	(885)	(656)
Distributions to noncontrolling interest	(38)	(39)	(154)	(153)
Borrowings for real estate investments through variable interest entities	—	172	—	342
Distributions to variable interest entities noncontrolling interest	—	—	—	(107)
Other, net	21	2	(112)	(5)
Net cash flows from financing activities	<u>1,448</u>	<u>(757)</u>	<u>(1,633)</u>	<u>(1,887)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	2,952	105	2,784	144
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	597	660	765	621
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	<u>\$ 3,549</u>	<u>\$ 765</u>	<u>\$ 3,549</u>	<u>\$ 765</u>
CASH PAID FOR INTEREST	<u>\$ 898</u>	<u>\$ 945</u>	<u>\$ 3,963</u>	<u>\$ 3,865</u>
CASH PAID FOR TAXES	<u>\$ 16</u>	<u>\$ 18</u>	<u>\$ 71</u>	<u>\$ 45</u>

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
UNAUDITED SUMMARY OF OPERATING STATISTICS
(in thousands, except per customer and penetration data)

	Approximate as of		
	December 31, 2019 (a)	September 30, 2019 (a)	December 31, 2018 (a)
Footprint (b)			
Estimated Passings	52,154	51,940	51,185
Penetration Statistics (c)			
Total Customer Relationship Penetration of Estimated Passings	56.1%	55.8%	54.9%
Customer Relationships (d)			
Residential	27,277	27,037	26,270
Small and Medium Business	1,958	1,930	1,833
Total Customer Relationships	<u>29,235</u>	<u>28,967</u>	<u>28,103</u>
Quarterly Net Additions (Losses)			
Residential	240	282	207
Small and Medium Business	28	28	41
Total Customer Relationships	<u>268</u>	<u>310</u>	<u>248</u>
Residential			
Primary Service Units ("PSUs")			
Video	15,620	15,725	16,104
Internet	24,908	24,595	23,625
Voice	9,443	9,595	10,135
Quarterly Net Additions (Losses)			
Video	(105)	(77)	(36)
Internet	313	351	289
Voice	(152)	(213)	(83)
Single Play (e)	11,741	11,557	10,928
Double Play (e)	8,377	8,088	7,097
Triple Play (e)	7,159	7,392	8,245
Single Play Penetration (f)	43.0%	42.7%	41.6%
Double Play Penetration (f)	30.7%	29.9%	27.0%
Triple Play Penetration (f)	26.2%	27.3%	31.4%
% Residential Non-Video Customer Relationships	42.7%	41.8%	38.7%
Monthly Residential Revenue per Residential Customer (g)	\$ 113.79	\$ 112.00	\$ 111.78
Small and Medium Business			
PSUs			
Video	524	520	502
Internet	1,756	1,730	1,634
Voice	1,144	1,120	1,051
Quarterly Net Additions (Losses)			
Video	4	2	14
Internet	26	29	40
Voice	24	23	27
Monthly Small and Medium Business Revenue per Customer (h)	\$ 169.06	\$ 169.44	\$ 170.62
Mobile Lines			
Residential and Small and Medium Business Mobile Lines	1,082	794	134
Net Additions (Losses)	288	276	113
Enterprise PSUs (i)			
Enterprise PSUs	267	264	248
Net Additions (Losses)	3	6	5

- (a) We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, at December 31, 2019, September 30, 2019 and December 31, 2018, customers included approximately 154,200, 148,000 and 217,600 customers, respectively, whose accounts were over 60 days past due, approximately 13,500, 16,400 and 24,000 customers, respectively, whose accounts were over 90 days past due and approximately 10,000, 14,100 and 19,200 customers, respectively, whose accounts were over 120 days past due.
- (b) Passings represent our estimate of the number of units, such as single family homes, apartment and condominium units and small and medium business and enterprise sites passed by our cable distribution network in the areas where we offer the service indicated. These estimates are based upon the information available at this time and are updated for all periods presented when new information becomes available. Passings in prior periods have been updated to reflect standardization of definitions and presentation among legacy companies.
- (c) Penetration represents residential and small and medium business customers as a percentage of estimated passings. Penetration excludes mobile-only customers.
- (d) Customer relationships include the number of customers that receive one or more levels of service, encompassing video, Internet and voice services, without regard to which service(s) such customers receive. Customers who reside in residential multiple dwelling units ("MDUs") and that are billed under bulk contracts are counted based on the number of billed units within each bulk MDU. Total customer relationships exclude enterprise and mobile-only customer relationships.
- (e) Single play, double play and triple play customers represent customers that subscribe to one, two or three of our cable service offerings, respectively, excluding mobile.
- (f) Single play, double play and triple play penetration represents the number of residential single play, double play and triple play cable customers, respectively, as a percentage of residential customer relationships, excluding mobile.
- (g) Monthly residential revenue per residential customer is calculated as total residential video, Internet and voice quarterly revenue divided by three divided by average residential customer relationships during the respective quarter. Monthly residential revenue per residential customers excludes mobile revenue and customers.
- (h) Monthly small and medium business revenue per small and medium business customer is calculated as total small and medium business quarterly revenue divided by three divided by average small and medium business customer relationships during the respective quarter. Monthly small and medium business revenue per small and medium customer excludes mobile revenue and customers.
- (i) Enterprise PSUs represents the aggregate number of fiber service offerings counting each separate service offering at each customer location as an individual PSU.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
UNAUDITED RECONCILIATION OF NON-GAAP MEASURES TO GAAP MEASURES
(dollars in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net income attributable to Charter shareholders	\$ 714	\$ 296	\$ 1,668	\$ 1,230
Plus: Net income attributable to noncontrolling interest	108	64	324	276
Interest expense, net	964	910	3,797	3,540
Income tax expense	110	2	439	180
Depreciation and amortization	2,461	2,534	9,926	10,318
Stock compensation expense	77	72	315	285
Loss on extinguishment of debt	25	—	25	—
(Gain) loss on financial instruments, net	(62)	110	54	110
Other pension (benefits) costs, net	96	55	69	(192)
Other, net	36	121	238	312
Adjusted EBITDA (a)	<u>4,529</u>	<u>4,164</u>	<u>16,855</u>	<u>16,059</u>
Less: Mobile revenue	(236)	(89)	(726)	(106)
Plus: Mobile costs and expenses	372	211	1,246	346
Cable Adjusted EBITDA	<u>\$ 4,665</u>	<u>\$ 4,286</u>	<u>\$ 17,375</u>	<u>\$ 16,299</u>
Net cash flows from operating activities	\$ 3,358	\$ 3,168	\$ 11,748	\$ 11,767
Less: Purchases of property, plant and equipment	(2,282)	(2,433)	(7,195)	(9,125)
Change in accrued expenses related to capital expenditures	504	150	55	(470)
Free cash flow	<u>1,580</u>	<u>885</u>	<u>4,608</u>	<u>2,172</u>
Plus: Mobile net cash outflows from operating activities	166	198	729	352
Purchases of mobile property, plant and equipment	151	106	432	242
Cable free cash flow	<u>\$ 1,897</u>	<u>\$ 1,189</u>	<u>\$ 5,769</u>	<u>\$ 2,766</u>

(a) See page 1 of this addendum for detail of the components included within Adjusted EBITDA.

The above schedule is presented in order to reconcile Adjusted EBITDA, cable Adjusted EBITDA, free cash flow and cable free cash flow, non-GAAP measures, to the most directly comparable GAAP measures in accordance with Section 401(b) of the Sarbanes-Oxley Act.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
UNAUDITED CAPITAL EXPENDITURES
(dollars in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Customer premise equipment (a)	\$ 543	\$ 687	\$ 2,070	\$ 3,124
Scalable infrastructure (b)	599	649	1,439	2,227
Line extensions (c)	390	381	1,444	1,373
Upgrade/rebuild (d)	183	182	634	704
Support capital (e)	567	534	1,608	1,697
Total capital expenditures	<u>2,282</u>	<u>2,433</u>	<u>7,195</u>	<u>9,125</u>
Less: Mobile capital expenditures	(151)	(106)	(432)	(242)
Cable capital expenditures	<u>\$ 2,131</u>	<u>\$ 2,327</u>	<u>\$ 6,763</u>	<u>\$ 8,883</u>

Capital expenditures included in total related to:

Commercial services	\$ 358	\$ 379	\$ 1,314	\$ 1,313
All-digital transition	\$ —	\$ 28	\$ —	\$ 344

- (a) Customer premise equipment includes costs incurred at the customer residence to secure new customers and revenue generating units, including customer installation costs and customer premise equipment (e.g., set-top boxes and cable modems).
- (b) Scalable infrastructure includes costs, not related to customer premise equipment, to secure growth of new customers and revenue generating units, or provide service enhancements (e.g., headend equipment).
- (c) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
- (d) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including betterments.
- (e) Support capital includes costs associated with the replacement or enhancement of non-network assets due to technological and physical obsolescence (e.g., non-network equipment, land, buildings and vehicles).